



August 3, 2015

The Honorable Daniel R. Elliott, III  
Chairman, Surface Transportation Board  
395 E Street, SW, Suite 1220  
Washington, DC 20423-0001

Dear Chairman Elliott:

This letter is in response to the Board's July 13th request for input from Genesee & Wyoming Inc. (G&W) on our outlook and service plans for our railroads for the remainder of 2015, as well as our expectations through the fall peak and the upcoming winter. We do not anticipate any service problems related to traffic volumes at any of our 105 U.S. short line railroads. As you know, G&W's short line railroads are generally lower density lines, and our existing operating plans have excess capacity to support seasonal and unexpected volume increases.

With the possible exception of grain traffic moving on the Rapid City, Pierre & Eastern Railroad, Kyle Railroad and Toledo, Peoria & Western Railway, we do not expect any significant spikes in rail traffic associated with the fall peak. To ensure a smooth fall season, we maintain an active dialogue with our grain shippers, and have purchased more than 1,500 covered hoppers to assist in the fluidity of grain traffic in the U.S., thereby making the G&W railroads less reliant on interchange partners for car supply. We will continue to actively monitor our operating plans to add capacity to support customer demand if grain shipments increase significantly, and will keep the Surface Transportation Board apprised of any developments as part of our routine weekly updates.

In the first half of 2015, G&W's same railroad carloads in the United States have decreased approximately 9% as compared to the same period last year, with notable declines in coal and steel. Therefore, we would welcome any seasonal or long-term traffic growth across all of our railroads.

With respect to the Board's general inquiry regarding freight car, locomotive and train crew availability to meet any increases in volume, I offer the following observations:

- G&W's railroads expect to have sufficient rail cars to accommodate unexpected increases in rail volumes. However, we are experiencing increased demand for box cars of all types. The most significant demand is for box cars to support the shipment of paper products, due to both increased paper shipments as well as the retirement of box cars at a rate in excess of new car builds. Please note that in addition to our purchases of covered hoppers to support grain shipments, we have also purchased more than 370 covered hoppers to facilitate shipments of clay in our Southern Region.
- Approximately 61 units from our North American locomotive fleet have been removed from service as a result of carload declines. The vast majority of these units have been stored serviceable and can be quickly redeployed when volumes increase.

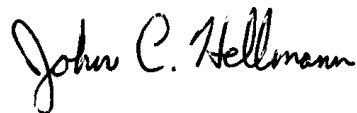
- With the recent downturn in carloads, we expect to have sufficient transportation employees to handle any increase in traffic and it is important to note that many of our existing train starts have capacity to handle material increases in traffic.

In 2015, G&W's U.S. railroads expect to spend approximately \$295 million, inclusive of government grants, with 80% of such investment dedicated to track, roadbed and bridge improvements to enhance overall freight service and capacity. These investments will support higher tonnages and increase train velocity and will ultimately allow us to more efficiently move freight over our rail lines. This capital includes a significant investment in our Chicago, Fort Wayne & Eastern Railroad, to upgrade the track infrastructure to assist with congestion in and around the Chicago gateway. Our investments have been significantly supported by the short line tax credit, and an extension of the short line tax credit is a critical priority for G&W and the short line railroad industry to advance our continued investment in the U.S. rail network.

Coupled with our capital program, we have increased our investment in track inspection training and technology. We have also increased the frequency of our rail flaw detection inspections to de-stress rail in advance of extreme winter temperatures and we continue to purchase snow removal equipment to prepare for the winter season. We also continue to develop our information technology software to provide more technical data for operating plan development and performance analysis, and we recently implemented our first car scheduling system on a railroad in our Midwest Region. Improvements to our infrastructure, additional car scheduling and the extensive use of MCrew devices that provide real time car reporting to our customers and interchange partners allow G&W railroads to safely assist with overall U.S. freight network fluidity.

Please do not hesitate to contact me if you have any questions. Thank you for the opportunity to comment on G&W's U.S. operations and for the Board's interest in the role that our short line railroads play in the U.S. rail network.

Sincerely,

A handwritten signature in black ink that reads "John C. Hellmann". The signature is fluid and cursive, with the first letters of each word being capitalized and prominent.

John C. Hellmann  
President and Chief Executive Officer

Cc: Ms. Linda Bauer Darr